GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:4913
ANSWERED ON:24.04.2003
HYDEL GENERATION
RAMESH CHENNITHALA

Will the Minister of POWER be pleased to state:

(a) whether hydel generation has low recurring costs and free of host of problems associated with fossil fuels such as dependence on imported fuel;

(b) if so, whether the share of generation of hydel power has dropped from 38 to 25 percent in the last twenty years;

(c) if so, whether hydel generation constitute only 14 percent of the total power generation;

(d) if so, whether enormous hydel potential is yet to be tapped; and

(e) if so, steps taken by the Government to tap and promote hydel generation?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA)

(a) to (d) : Yes, Sir.

(e) : The hydro power installed capacity as on 31.3.2003 was 26,910 MW outof a total grid connected installed capacity of 1,07,973 MW. A capacity addition of 14,393 MW from hydro projects is to be achieved during the 10th Plan.Ministry of Power has developed appropriate strategies to further harness the country`s hydro potential, and accords high priority for its development. The major strategy in this regard includes facilitation of prioritized basin wise development through a preliminary ranking done by the Central Electricity Authority in 2001. After discussions with the State Governments, 162 schemes of an installed capacity of about 50,000 MW have been selected for preparation of Pre-Feasibility Reports.

The investment policy has been made more attractive from time to time and provides for (i) Debt : Equity ratio up to 4:1 (ii) 100% foreign equity participation (iii) liberalized rates of depreciation in respect of assets (iv) import of equipment for power projects at concessional customs duty (v) 16% rate of return on equity (vi) generating companies can sell power on the basis of a suitably structured two part tariff − one part to cover fixed costs and the other to cover variable costs at a prescribed level of performance.

Since hydroelectric projects have lower internal rate of return compared to the thermal and gas based projects, the Government has notified new norms for incentives where the availability factor threshold has been reduced from 90% to 85%. Similarly, the sale rate of secondary energy has been notified at the same rate as primary energy.

Ceiling limits for techno-economic clearance in terms of the provisions of Section-29 of Electricity (Supply) Act, 1948 has been enhanced for hydro projects. The procedures relating to transfer of clearances from State Government to Central PublicSector Undertakings and State Government to private sector have been simplified.

With the object of reducing the time and cost over-run of hydro projects so far as they relate to inadequate investigation and non-availability of proper infrastructure in terms of access roads and land, the Government has introduced a three stage clearance process for development of new hydro electric projects in the Central Sector.